

Message Text

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ACTION COME-00

INFO OCT-01 ARA-16 ADP-00 EB-11 TRSE-00 XMB-07 CIAE-00

INR-10 NSAE-00 RSC-01 RSR-01 /047 W
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R 092221Z AUG 73

FM AMEMBASSY QUITO
TO SECSTATE WASHDC 8281
INFO AMCONSUL GUAYAQUIL

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FOR COMMERCE

E.O. 11652: N/A
TAGS: ENRG, EC
SUBJECT: MCKEE BID ON PETROLEUM REFINERY

REFF: QUITO 4148

1. SECRETS ARE SHORT-LIVED IN QUITO. BARELY TWO DAYS AFTER THE
OPENING OF BID ENVELOPES BY CEPE, WORD IS GETTING AROUND OF THE
AMOUNT OF EACH COMPETITOR'S OFFER.

2. WE HAVE BEEN ADVISED BY MCKEE REPRESENTATIVE LEROUX, WHO
OBTAINED THE SAME INFORMATION FROM FOUR DIFFERENT AND KNOWLEDGE-
ABLE SOURCES, THAT BIDS ARE AS FOLLOWS: SUMITOMO/CHIYODA - TOTAL
\$113 MILLION (\$93 MILLION FOR REFINERY COSTS AND \$20 MILLION FOR
SERVICES); MARUBENI/JAPAN GAS - TOTAL \$116 MILLION (\$112 MILLION
FOR REFINERY AND \$4 MILLION FOR SERVICES); AND SNAM-PROGETTI-
TOTAL \$98 MILLION.

3. MARUBENI AND SNAM ALLEGEDLY ARE FACING POSSIBLE DISQUALIFICATION
IN THAT THEIR GUARANTEES FAILED TO CONFORM TO CEPE REQUIREMENT.
MARUBENI, FOR EXAMPLE, PROVIDED 90-DAY GUARANTEE RENEWABLE FOR
ADDITIONAL 30 DAYS, WHILE CEPE REQUIRED 90-DAY RENEWAL. (COMMENT:
EL COMERCIO OF AUGUST 9 NOTES UNCONFIRMED REPORTS THAT SNAM WILL BE
ELIMINATED FOR FAILURE TO PROVIDE PROPER GUARANTEE) ALTHOUGH
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BUOYED BY MCKEE'S APPARENT LEAD, LEROUX ALSO HEARS THAT CEPE IS

LOOKING TO DISQUALIFY MCKEE AS WELL BECAUSE FIRM DID NOT SUBMIT LUMP-SUM PROPOSAL (SEE REFTEL). LEROUX IS REQUESTING MCKEE IN U.S. TO PROVIDE URGENTLY A LUMP-SUM FIRM OFFER BELOW ALL OTHERS AND WHICH MCKEE CAN LIVE WITH. OFFER WILL BE CIRCULATED TO ALL CONCERNED, INCLUDING PRESIDENT RODRIGUEZ.

4. COMMENT. ALTHOUGH MCKEE HAS GOOD REASON TO BE OPTIMISTIC AT THIS POINT, ISSUE OF AWARD IS FAR FROM DETERMINED. WE HEAR FROM A LOCAL AMERICAN, WHO HAS BEEN WORKING CLOSELY WITH CHIYODA REPRESENTATIVE ON OTHER BUSINESS, THAT CHIYODA HAS GOOD CHANCE FOR CONTRACT. CHIYODA, APPARENTLY BACKED BY EXCELLENT FINANCING TERMS, SUBMITTED 2,500 PAGE PROPOSAL WHICH MEETS ALL SPECIFICATIONS DESIRED BY CEPE. (COMMENT: MCKEE SUBMITTED 500 PAGE, LESS DETAILED PROPOSAL). CEPE PRESIDENT, COLONEL DUENAS, ALSO REPORTEDLY TOLD CHIYODA REPRESENTATIVE MASAHIRO YAMADO THAT HIS FIRM'S OFFER APPEARED BEST SO FAR, AND THAT HE MOST LIKELY WOULD OBTAIN CONTRACT. WE ALSO CONTINUE TO HEAR STORIES OF PAYOFFS TO GOE OFFICIALS. OFFERS ARE STILL UNDER STUDY BY VARIOUS GOVERNMENT COMMISSIONS. AT THIS STAGE IT IS TOO EARLY TO VENTURE TO PREDICT OUTCOME.

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